

103^D CONGRESS
1ST SESSION

H. R. 1448

To establish a limit on the fee which certain persons may charge for cashing checks and other instruments, to require depository institutions to cash checks issued by the United States or a State, and to provide that checks drawn by the Federal Government may be mailed only to the personal residence or primary place of business of the payee, to a Federal post office box, or to a federally insured depository institution at which the payee holds an account.

IN THE HOUSE OF REPRESENTATIVES

MARCH 24, 1993

Mr. FIELDS of Louisiana (for himself and Mr. WYNN) introduced the following bill; which was referred jointly to the Committees on Banking, Finance and Urban Affairs and Government Operations

A BILL

To establish a limit on the fee which certain persons may charge for cashing checks and other instruments, to require depository institutions to cash checks issued by the United States or a State, and to provide that checks drawn by the Federal Government may be mailed only to the personal residence or primary place of business of the payee, to a Federal post office box, or to a federally insured depository institution at which the payee holds an account.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Check Cashing Act
3 of 1993”.

4 **SEC. 2. LICENSING AND REGULATION OF CHECK CASHING**
5 **SERVICES.**

6 (a) **LICENSE REQUIREMENT.**—A person, other than
7 a depository institution, shall not engage in business in
8 issuing, redeeming, or cashing checks, travellers’ checks,
9 money orders, or similar instruments, or of transmitting
10 money, unless the person is licensed to engage in that
11 activity by the Commission.

12 (b) **LICENSING.**—

13 (1) **IN GENERAL.**—The Commission may issue
14 a license for engaging in an activity referred to in
15 subsection (a) to any person that meets the require-
16 ments established under this section for such a
17 license.

18 (2) **REVIEW AND APPROVAL OF LICENSES.**—Be-
19 fore issuing a license under this subsection, the
20 Commission shall review and approve—

21 (A) the business record and the capital
22 adequacy of the applicant; and

23 (B) the competence, experience, integrity,
24 and financial ability of each individual who—

25 (i) is the applicant;

1 (ii) is a director, officer, or super-
2 visory employee of the applicant; or

3 (iii) owns or controls the applicant.

4 (3) LIMITATIONS ON LICENSING.—The Com-
5 mission may deny a license under this section to any
6 applicant based on any—

7 (A) conviction of the applicant for any
8 criminal activity;

9 (B) fraud or other act of personal dis-
10 honesty by the applicant;

11 (C) act, omission, or practice by the appli-
12 cant which constitutes a breach of fiduciary
13 duty; or

14 (D) suspension or removal of the applicant,
15 by any agency or department of the United
16 States or any State, from participation in the
17 conduct of any federally or State license or reg-
18 ulated business.

19 (4) REVOCATION OF LICENSE.—A license under
20 this section may be revoked by the Commission if
21 the holder of the license—

22 (A) engages in any activity for which issu-
23 ance of the license may be denied under para-
24 graph (3);

1 (B) imposes, charges, or collects a fee in
2 excess of the amount permissible under section
3 3; or

4 (C) violates any regulation issued under
5 this section by the Commission.

6 (c) PENALTY.—Any person who violates subsection
7 (a) shall be liable for a civil penalty of not more than
8 \$500,000, to be assessed by the Commission.

9 (d) REGULATIONS.—Not later than 9 months after
10 the date of the enactment of this Act, the Commission
11 shall issue regulations which implement this section, in-
12 cluding regulations which—

13 (1) establish requirements for applying for a li-
14 cense under this section; and

15 (2) establish such other requirements relating
16 to activities for which a license is required under
17 this section as the Commission considers appro-
18 priate.

19 (e) EFFECTIVE DATE.—This section (except sub-
20 section (d)) shall take effect on the date which is 9 months
21 after the date of the enactment of this Act.

22 **SEC. 3. LIMITATION ON FEE CHARGED FOR CHECK CASH-**
23 **ING.**

24 (a) LIMITATION.—A person that regularly engages in
25 the business of cashing checks, travelers' checks, money

1 orders, or similar instruments, shall not charge any fee
2 for cashing such an instrument that exceeds the greater
3 of \$0.50 or 0.85 percent of the amount of the instrument.

4 (b) CIVIL PENALTY.—A person that violates sub-
5 section (a) shall be liable for a civil penalty of not more
6 than \$500,000, to be assessed by the Federal Trade
7 Commission.

8 **SEC. 4. PROHIBITION ON REFUSAL BY DEPOSITORY INSTI-**
9 **TUTION TO CASH GOVERNMENT CHECKS.**

10 (a) PROHIBITION.—A depository institution shall not
11 refuse to cash a government check if—

12 (1) the check is presented for cashing by an in-
13 dividual who is the payee of the check; and

14 (2) the individual who presents the check for
15 cashing provides sufficient identification.

16 (b) CIVIL PENALTY.—A person that violates sub-
17 section (a) shall be liable for a civil penalty of not more
18 than \$500,000.

19 (c) ENFORCEMENT.—The requirements of this sec-
20 tion shall be enforced under—

21 (1) section 8 of the Federal Deposit Insurance
22 Act, in the case of—

23 (A) national banks, and Federal branches
24 and Federal agencies of foreign banks, by the
25 Office of the Comptroller of the Currency;

1 (B) member banks of the Federal Reserve
2 System (other than national banks), branches
3 and agencies of foreign banks (other than Fed-
4 eral branches, Federal agencies, and insured
5 State branches of foreign banks), commercial
6 lending companies owned or controlled by for-
7 eign banks, and organizations operating under
8 section 25 or 25(a) of the Federal Reserve Act,
9 by the Board of the Federal Reserve; and

10 (C) banks insured by the Federal Deposit
11 Insurance Corporation (other than members of
12 the Federal Reserve System) and insured State
13 branches of foreign banks, by the Board of Di-
14 rectors of the Federal Deposit Insurance Cor-
15 poration;

16 (2) section 8 of the Federal Deposit Insurance
17 Act, by the Director of the Office of Thrift Super-
18 vision, in the case of a savings association the depos-
19 its of which are insured by the Federal Deposit In-
20 surance Corporation;

21 (3) the Federal Credit Union Act, by the Ad-
22 ministrator of the National Credit Union Adminis-
23 tration with respect to any Federal credit union; and

24 (4) the Farm Credit Act of 1971, by the Farm
25 Credit Administration with respect to any Federal

1 land bank, Federal land bank association, Federal
2 intermediate credit bank, or production credit asso-
3 ciation.

4 **SEC. 5. REQUIREMENT THAT CHECKS DRAWN BY FEDERAL**
5 **AGENCIES BE MAILED ONLY TO CERTAIN AD-**
6 **DRESSES.**

7 (a) IN GENERAL.—A government check that is issued
8 by the United States or an agency of the United States
9 and that is mailed by such an agency to the payee of the
10 check may be mailed only to—

- 11 (1) the residence of the payee;
12 (2) the principal place of business of the payee;
13 (3) a post office box of the payee at a United
14 States Postal Service facility; or
15 (4) an account of the payee at an insured de-
16 pository institution.

17 (b) APPLICATION.—Subsection (a) shall apply to
18 checks mailed after the date which is 9 months after the
19 date of the enactment of this Act.

20 (c) REGULATIONS.—Not later than 2 months after
21 the date of the enactment of this Act, the Secretary of
22 the Treasury shall issue regulations implementing this sec-
23 tion.

1 **SEC. 6. STUDY OF DEBIT CARD SYSTEM OF BENEFIT PAY-**
2 **MENTS AND BENEFIT CHECK DELIVERY.**

3 Not later than 9 months after the date of the enact-
4 ment of this Act, the Comptroller General of the United
5 States shall conduct a study and submit a report to the
6 Congress on—

7 (1) the effects of requiring the use of a debit
8 card system for making all benefit payments by the
9 Federal Government; and

10 (2) other innovative ways to enhance and up-
11 grade the current methods by which the Federal
12 Government delivers benefit payment checks.

13 **SEC. 7. DEFINITIONS.**

14 (a) IN GENERAL.—As used in this Act—

15 (1) the term “Commission” means the Federal
16 Trade Commission;

17 (2) the term “depository institution” has the
18 meaning given that term in section 3 of the Federal
19 Deposit Insurance Act (12 U.S.C. 1813(c));

20 (3) the term “government check” means any
21 check which was issued by—

22 (A) the United States, any State, or any
23 agency of the United States; or

24 (B) any agency of the State in which the
25 check is presented for cashing purposes, any

1 unit of local government of such State, or any
2 agency of any such unit of local government;

3 (4) the term “insured depository institution”
4 has the meaning given that term in section 3(c) of
5 the Federal Deposit Insurance Act (12 U.S.C.
6 1813(c)); and

7 (5) the term “sufficient identification” means—

8 (A) a driver’s license;

9 (B) an identification card issued by a
10 State or Federal agency; or

11 (C) a United States passport.

12 (b) TERMS RELATING TO ENFORCEMENT OF SEC-
13 TION 3.—A term used in section 3(c)(1) that is not de-
14 fined in this Act shall have the meaning given that term
15 by—

16 (1) section 3(s) of the Federal Deposit Insur-
17 ance Act (12 U.S.C. 1813(s)); or

18 (2) in the case of a term not defined in the Act
19 referred to in paragraph (1), section 1(b) of the
20 International Banking Act of 1978 (12 U.S.C.
21 3101).

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